

ADV Brochure – Part 2 A

FOREST INVESTMENT MANAGEMENT, LLC
53 FOREST AVENUE
OLD GREENWICH, CT 06870

This brochure provides information about the qualifications and business practices of Forest Investment Management, LLC. If you have any questions about the contents of this brochure, please contact us at 1-203-637-6003 or franw@forestinvestment.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

As a Registered Investment Advisor**, additional information about Forest Investment Management, LLC is also available on the SEC's website at: www.adviserinfo.sec.gov

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March 25, 2011

** Registration with the SEC does not imply a certain level of skill or training.

Material Changes

Item #2

There are no Material Changes to this Brochure

FOREST INVESTMENT MANAGEMENT, LLC

March 25, 2011

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All sections and questions on this ADV answer required items in the “New” ADV PART II General Instructions which can be obtained at www.nasaa.org

Item numbers referenced on page headers refer to the Item listed in the General Instructions.

FOREST INVESTMENT MANAGEMENT, LLC

ADVISORY BUSINESS

Item #4

4(a) Description of the Firm

Forest Investment Management, LLC (“Forest”) , located at 53 Forest Avenue in Old Greenwich Connecticut 06870 is a Limited Liability Company organized under the State of Delaware since 1992 (Authentication # 2232551), a Registered Investment Adviser since January 26, 1993 (SEC# 801- 43106) **, a Registered Adviser in the State of Connecticut (CT ID# 596366), and Registered with FINRA (CRD# 111773).

Forest provides alternative investment advisory services (100%) from the office Monday through Friday from 7:30 am until 6:00 pm daily. The main telephone number is 1-203-637-6006, the fax number is 1-203-637-7999 and the website can be accessed at www.forestinvestment.com. Forest is a single-strategy advisor using a convertible arbitrage strategy. The Forest Global Convertible Master Fund, LP is a master/feeder structure. The Forest Global Convertible Fund, LTD. is the offshore feeder, and the Forest Global Convertible Fund, LP is the onshore feeder.

Employees

Forest has fifteen (15) full-time employees, nine (9) of whom are directly involved in the investment process, and six (6) administrative professionals including operations, accounting, compliance, investor relations and IT.

Principal Owner

Michael Anthony Boyd, Jr., is the Principal Owner, an individual acting as Chief Executive Officer and Chairman of Forest since October of 1992 (inception). Mr. Boyd is an Ownership Code “D” Control Person registered with FINRA (CRD #27695). Mr. Boyd has 43 years of experience in the Investment Industry.

Principals of the Firm

John J. McDonald has been the President and Chief Operating Officer of Forest since July of 2008. Registered with FINRA (1969606), Mr. McDonald was a Portfolio Manager and the Director of Research prior to becoming the President and has been with Forest for thirteen (13) years. He has been in the Investment Industry for twenty two (22) years.

Scott M. Watson has been the Chief Investment Officer at Forest since August of 2006, is registered with FINRA (1981190) and has been with the firm as a portfolio manager for twelve (12) years. Mr. Watson has been in the Investment Industry for twenty two (22) years.

4 (b) Advisory Services

Forest Investment Management, LLC is a single-strategy advisor using a convertible arbitrage strategy. Convertible Arbitrage is typically the buying of convertible bonds and shorting the stock of the same company. A convertible bond is a bond that can be converted into a predetermined amount of the company’s equity at certain times during its life, usually at the discretion of the bondholder. From the investor’s perspective, a convertible bond has a value-added component built into it. It is essentially a bond with an embedded stock option. Thus, it tends to offer a lower yield in exchange for the value of the option to trade the bond into stock. A convertible bond combines the characteristics of stocks and bonds in one instrument. Convertible bonds possess both equity and bond characteristics and therefore they typically yield less than their issuer’s straight bonds, but more than their stocks’ dividends. The convertible bond investor typically has a higher yield and greater downside protection than an equity shareholder.

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4 (c) Tailoring Advisory Services to the Individual needs of Clients

Only in the case of a separately managed account is the Client able to request/negotiate certain restrictions. Most commonly, these restrictions would pertain to risk limits, concentration levels and the liquidity parameters of certain securities.

4 (d) Not applicable – no wrap fee programs

4 (e) Discretionary Management

As of February 16, 2011, 100% of all assets managed by Forest Investment Management, LLC in the Forest Global Convertible Fund are discretionary. Forest does not manage non-discretionary assets.

FEES AND COMPENSATION

Item #5

5 (a) Forest Investment Management, LLC is compensated for advisory services through a management fee, and an incentive fee. Management Fees, ranging from 1.0% to 1.25% are accrued monthly and paid to Forest Investment Management, LLC each month in arrears. Management Fees, ranging from 18.5% to 20% are accrued monthly and paid to Forest Investment Management, LLC quarterly. From time to time, the Fund may enter into letter agreements or other similar agreements (collectively, “Side Letters”) with one or more Shareholders which provide such Shareholder(s) with additional and/or different rights (including, without limitation, with respect to access of information, management fees and incentive fees, minimum investment amounts and liquidity terms) than such Shareholder(s) have pursuant to the latest Offering Memorandum.

5 (b) The management fee is accrued monthly and paid monthly in arrears. Incentive fees are accrued monthly and paid quarterly. All fees are verified by the outside fund Administrator, Morgan Stanley Fund Services, prior to being paid to the Investment Advisor, Forest Investment Management, LLC. Investors are not invoiced for fees.

5 (c) The Master Fund bears its operating expenses and the operating expenses of any other investment vehicle formed to invest in the Master Fund (including the Fund) other than the Management Fee and the Incentive Fee which is born directly by the Fund. These expenses include investment expenses (e.g., expenses which the Investment Manager determines to be related to the investment of the Master Fund’s capital, such as brokerage commissions, certain currency hedging expenses, clearing and settlement charges, bank service fees, interest expenses, legal expenses, professional fees (including, without limitation, expenses of consultants, attorneys and experts) relating to investments, accounting expenses, auditing and tax preparation expenses, custodial and prime brokerage expenses, printing and mailing expenses and fee and out-of-pocket expenses of any service company retained to provide fund accounting, bookkeeping and administrative services. Please see Item #12, Brokerage Services for further information.

5 (d) Investors are not charged fees in advance.

5 (e) Not applicable – no supervisory person accepts compensation for the sale of securities or other investment products.

PERFORMANCE BASED FEES

Item #6

6. Forest Investment Management, LLC, the Investment Advisor charges a management fee and a performance fee (also known as an incentive fee) to each investor. No other types of performance based fees, such as hourly or flat fee charges apply.

TYPES OF CLIENTS

Item #7

7. Forest Investment Management, LLC provides investment advice to various types of investors including, but not limited to, institutional investors, pension funds, funds of funds, family office, high net worth individuals, foundations and charities. Each investor in the Fund will be required to certify their qualification as an “accredited investor” under rule 501 of Regulation D of the Securities Act of 1933, and a “qualified investor.” Suitability requirements vary for the Onshore and Offshore Feeder Funds (in terms of U.S. Person status) and are outlined in the current Offering Memorandum. The Fund, in its sole discretion, may decline to accept the subscription for Shares of any prospective investor.

Each of the feeder funds has a USD \$1,000,000.00 minimum initial subscription with minimum additional subscriptions of \$250,000.00, or, in the case of the EURO classes, an equivalent amount in EUROS. Certain class shares are offered at an initial subscription amount of USD \$150,000,000.00, or its equivalent in EUROS with a USD \$250,000.00 (or EURO equivalent) additional subscription minimum.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Item #8

8 (a) In the Convertible Arbitrage Strategy, the dynamic modeling of credit risk results in increased granularity compared to using traditional credit analysis. Using proprietary valuation tools, our portfolio managers select positions for inclusion in the portfolio based upon theoretical under and overvaluation. Forest Investment Management’s proprietary convertible securities valuation model uses the fundamental input from the research team in addition to input from the portfolio management team to establish a theoretical fair value for the convertible security. The Forest Global Convertible Master Fund, LP investment program is speculative and entails substantial risks. There can be no assurance that the investment objective of the Master Fund will be achieved. Certain practices and investment techniques that the Master Fund expects to employ can, in certain circumstances, result in significant losses. Prospective investors should consider a number of factors in determining whether an investment in the Fund is a suitable investment.

8 (b) Investment Risks

Convertible Securities. The convertible securities transactions in which the Fund will engage involve substantial trading risks. Because it is not possible to predict the outcome of convertible trading situations, the strategy may involve taking positions in securities based upon judgments that ultimately prove to be incorrect. For example, where the Investment Manager determines that it is attractive to purchase a convertible security and short the underlying stock, the underlying assumptions that make the transaction attractive may change, such as the interest rate environment, the credit quality of the issuer or the volatility of the underlying stock. Any one of these conditions could make the transaction unprofitable. In addition, if the underlying company is acquired by another company for cash, the holder of the convertible security could lose the entire conversion premium. Many convertible securities are issued by below-investment grade issuers and therefore hold many of the same characteristics and risks as high yield bonds. The Fund could also own fixed income securities where the issuer files for bankruptcy protection.

Short Sales. The Investment Manager intends to sell securities short. Short selling involves the sale of a security that the Fund does not own and must borrow in order to make delivery in the hope of purchasing the same security at a later date at a lower price. In order to make delivery to its purchaser, the Fund must borrow securities from a third party lender. The Fund subsequently returns the borrowed securities to the lender by delivering to the lender the securities it receives in the transaction or by purchasing securities in the open market. The Fund must generally pledge cash with the lender equal to the market price of the borrowed securities. This deposit may be increased or decreased in accordance with changes in the market price of the borrowed securities. During the period in which the securities are borrowed, the lender typically retains its right to receive interest and dividends accruing to the securities. In exchange, the lender generally pays the Fund a fee for the use of the Fund's cash. This fee is based on prevailing interest rates, the availability of the particular security for borrowing and other market factors.

Theoretically, securities sold short are subject to unlimited risk of loss because there is no limit on the price that a security may appreciate before the short position is closed. In addition, the supply of securities that can be borrowed fluctuates from time to time. The Fund may be subject to losses if a security lender demands return of the lent securities and an alternative lending source cannot be found.

Illiquid Investments. As a result of the nature of certain of the Fund's potential investment strategies, certain investments may have to be held for a substantial period of time before they can be liquidated to the Fund's greatest advantage or, in some cases, at all. In addition, the Fund may hold investments for which no market exists and which have restricted transferability under federal or state investments laws, and it may be able to dispose of these investments only at substantial discounts or losses.

Leverage. The Investment Manager may borrow funds from brokerage firms and banks on behalf of the Fund in order to be able to increase the amount of capital available for marketable securities investments. In addition, the Fund may in effect borrow funds through entering into repurchase agreements, and may "leverage" its investment return with futures, options, swaps, forwards and other derivative instruments. Borrowings (and in some cases guarantees of performance of the Fund's obligations) will usually be from (or, in the case of guarantees, by) securities brokers and dealers and will typically be secured by the Fund's securities and other assets. The amount of borrowings which the Fund may have outstanding at any time may be large in relation to its capital. Consequently, the level of interest rates, generally, and the rates at which the Fund can borrow, in particular, will affect the performance results of the Fund.

In general, the Fund's use of short-term margin borrowings will result in certain additional risks to the Fund. If the Fund engages in leveraged investments, the Fund's capital generally will increase or decrease at a greater rate than would otherwise be the case. Any income or gains earned from a leveraged investment in excess of the costs associated with leveraging (such as interest and other administrative expenses to borrow money) will cause the value of the Fund's capital to rise more quickly than would otherwise be the case. Conversely, if the income or gains earned from a leveraged investment fail to cover the costs associated with leveraging, the value of the Fund's capital

will fall more quickly than would otherwise be the case. Leverage is speculative and substantially increases the risk of investing in the Fund.

Should the securities pledged to brokers to secure the Fund's securities margin accounts decline in value, the Fund could be subject to a "margin call," pursuant to which the Fund must either deposit additional funds with the broker, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden precipitous drop in the value of the Fund's assets, the Fund might not be able to liquidate assets quickly enough to meet securities margin calls.

When the Fund purchases an option on a security in the United States, there is no margin requirement because the option premium is paid for in full. The premiums for certain securities options traded on foreign exchanges may be paid for on margin.

Whether any margin deposit will be required for over-the-counter options will depend on the credit determinations and agreement of the parties to the transaction.

Overall, the use of leverage, while providing the opportunity for a higher return on investments, also increases the volatility of such investments and the risk of loss. Investors should be aware that an investment program utilizing leverage is inherently more speculative, with a greater potential for losses, than a program that does not utilize leverage.

Options on Currencies. An option is the right, acquired for a price (commonly called a premium), to buy or sell a specified amount of currencies at a predetermined price within a specified time. Such trading involves risks similar to those involved in trading currencies, in that options are speculative and highly leveraged. Specific market movements of the currencies underlying an option cannot accurately be predicted. The purchaser of an option is subject to the risk of losing the entire purchase price of the option. The seller or writer of an option is subject to the risk of loss resulting from the difference between the premium received for the option and the price of the currencies underlying the option, which the writer must purchase or deliver upon exercise of the option. If an option is bought (either to purchase or sell one currency against another), a premium, representing the market value of the option, must be paid. Unless it becomes profitable to exercise or offset the option before it expires, the entire amount of the premium would be lost. Conversely, if an option is written or sold (either to purchase or sell one currency against another), the premium would be credited but a margin deposit would be required (which will, in all cases, exceed the premium received) due to the contingent obligation to take the underlying currency position in the event the option is exercised. Option sellers, unless hedged, are subject to the potentially infinite loss that may occur in the underlying currency position (less any premium received).

Options and Other Derivative Instruments. The Fund may invest in derivative instruments. The prices of many derivative instruments, including many options and swaps, are highly volatile. Price movements of options contracts and payments pursuant to swap agreements are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The value of options and swap agreements also depends upon the price of the securities or currencies underlying them. The Fund is also subject to the risk of the failure of any of the exchanges on which its positions trade or of their clearinghouses or of counterparties. The cost of options is related, in part, to the degree of volatility of the underlying securities. Accordingly, options on highly volatile securities may be more expensive than options on other securities.

Put options and call options typically have similar structural characteristics and operational mechanics regardless of the underlying instrument on which they are purchased or sold. A put option gives the purchaser of the option, upon payment of a premium, the right to sell, and the writer the obligation to buy, the underlying security, commodity, index, currency or other instrument at the exercise price. A call option, upon payment of a premium, gives the purchaser of the option the right to buy, and the seller the obligation to sell, the underlying instrument at the exercise price.

If a put or call option purchased by the Fund were permitted to expire without being sold or exercised, the Fund would lose the entire premium it paid for the option. The risk involved in writing a put option is that there could be a decrease in the market value of the underlying security caused by rising interest rates or other factors. If this occurred, the option could be exercised and the underlying security would then be sold to the Fund at

a higher price than its current market value. The risk involved in writing a call option is that there could be an increase in the market value of the underlying security caused by declining interest rates or other factors. If this occurred, the option could be exercised and the underlying security would then be sold by the Fund at a lower price than its current market value.

Purchasing and writing put and call options and, in particular, writing “uncovered” options are highly specialized activities and entail greater than ordinary investment risks. In particular, the writer of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security or currency above the exercise price of the option. This risk is enhanced if the security being sold short is highly volatile and there is a significant outstanding short interest. These conditions exist in the stocks of many companies. The securities necessary to satisfy the exercise of the call option may be unavailable for purchase except at much higher prices. Purchasing securities to satisfy the exercise of the call option can itself cause the price of the securities to rise further, sometimes by a significant amount, thereby exacerbating the loss. Accordingly, the sale of an uncovered call option could result in a loss by the Fund of all or a substantial portion of its assets.

Swaps and certain options and other custom instruments are subject to the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty.

Futures contracts are subject to many of the same risks described above.

Risks from Hedging Activities. The Investment Manager may employ various risk reduction strategies designed to minimize the risk of the Fund’s investment positions. A substantial risk remains, nonetheless, that such strategies will not always be possible to implement and when possible will not always be effective in limiting losses. If the Investment Manager analyzes market conditions incorrectly or employs a risk reduction strategy that does not correlate well with the Fund’s investments, the Fund’s risk reduction techniques could result in a loss, regardless of whether the intent was to reduce risk or increase return. These risk reduction techniques may also increase the volatility of the Fund and/or result in a loss if the counterparty to the transaction does not perform as promised.

Purchases of Securities and other Obligations of Financially Distressed Companies. The Fund may purchase securities and other obligations of companies that are experiencing significant financial or business distress, including companies involved in bankruptcy or other reorganization and liquidation proceedings. Although such purchases may result in significant returns, they involve a substantial degree of risk and may not show any return for a considerable period of time. In fact, many of these instruments ordinarily remain unpaid unless and until the company reorganizes and/or emerges from bankruptcy proceedings, and as a result may have to be held for an extended period of time. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial distress is unusually high. There is no assurance that the Investment Manager will correctly evaluate the nature and magnitude of the various factors that could affect the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company in which the Fund invests, the Fund may lose its entire investment or may be required to accept cash or securities with a value less than the Fund’s original investment. Under such circumstances, the returns generated from the Fund’s investments may not compensate the Limited Partners adequately for the risks assumed.

Purchases of Private Placements. Some of the Fund’s investments may include securities acquired in private transactions. Typically, there are only a limited number of investors purchasing securities in private placements, and there are substantial restrictions on the transferability of such securities. Furthermore, no market exists, at least initially, for such securities. The investors frequently have certain registration rights with respect to the registration of such securities at a future date, but the exercise of such registration rights is dependent upon various conditions. There is no assurance that such conditions will occur or that such registration rights will otherwise be exercisable. The valuation of such investments will be in the Investment Manager’s discretion.

Foreign Securities. Foreign securities historically have been highly volatile and involve greater risks than in comparable U.S. investments, because of, among other things, instability of some foreign governments, the possibility of expropriation, limitations on the use or removal of funds or other assets, changes in governmental

administration or economic or monetary policy (in the United States or abroad) or changed circumstances in dealings between nations. The application of foreign tax laws (e.g., the imposition of withholding taxes on dividend or interest payments) or confiscatory taxation may also affect investment in foreign securities. Higher expenses also may result from investment in foreign securities than domestic securities because of the costs that must be incurred in connection with conversions between various currencies and foreign brokerage commissions that may be higher than the United States. Foreign securities markets also may be less liquid, more volatile and less subject to governmental supervision than in the United States. Investments in foreign countries could be affected by other factors not present in the United States, including lack of uniform accounting, auditing and financial reporting standards and potential difficulties in enforcing contractual obligations.

In order to hedge some of the foreign currency risks attendant to investing in non-U.S. securities, the Fund may engage in foreign currency forward trading and swap transactions. Such transactions are subject to numerous risks, including the risk of default due to the failure of the counterparty with which the Fund may have a forward or swap contract. The failure of a counterparty to fulfill its contractual obligations to the Fund could expose the Fund to unanticipated losses.

Margin Deposit. Because currencies are customarily bought and sold on margin that ranges upward from less than 5% of the value of the position being traded, price fluctuations in currency markets may create profits and losses, which are greater than, are customary in other forms of investment. Margin is the amount of funds that must be deposited by an investor with his dealer in order to secure his obligation to pay for positions he transacts. The margin maintained must be marked-to-market daily, requiring additional deposits if the related position reflects a loss which reduces the equity on deposit below the required maintenance level. Conversely, if the position reflects a gain above the required maintenance level, such gain may be released to the investor's account at the dealer. Dealers may, at their discretion, increase their minimum margin requirements. The Fund is liable for margin calls only to the extent of its assets, a large portion of which will be continually maintained with the custodian or prime broker.

Market or Interest Rate Risk. The price of most fixed income securities move in the opposite direction of the change in interest rates. For example, as interest rates rise, the price of fixed income securities falls. If the Fund holds a fixed income security to maturity, the change in its price before maturity may have little impact on the Fund's performance; however, if the Fund has to sell the fixed income security before the maturity date, an increase in interest rates could result in a loss to the Fund.

High Yield Fixed Income Securities. The Fund may invest in "high yield" bonds that are rated in the investment grade and sub-investment rating categories by various credit rating agencies. High yield securities and/or comparable non-rated securities are subject to greater risk of loss of principal and interest than higher rated securities and are generally considered to be more speculative with respect to the issuer's capacity to pay interest and repay principal. Because investors generally perceive that there are greater risks associated with such securities, the yields and prices of such securities may be more volatile than those for higher rated securities. The market is thinner, often less liquid, and less active than for higher rated securities, which can adversely affect the prices at which these securities can be sold and may even make it impractical to sell such securities.

Fixed Income Call Option Risk. Many bonds, including agency, corporate and municipal bonds, and all mortgage-backed securities, contain a provision that allows the issuer to "call" all or part of the issue before the bond's maturity date. The issuer usually retains this right to refinance the bond in the future if market interest rates decline below the coupon rate. There are three disadvantages to the call provision. First, the cash flow pattern of a callable bond is not known with certainty. Second, because the issuer will call the bonds when interest rates have dropped, the Fund is exposed to reinvestment rate risk – the Fund will have to reinvest the proceeds received when the bond is called at lower interest rates. Finally, the capital appreciation potential of a bond will be reduced because the price of a callable bond may not rise much above the price at which the issuer may call the bond.

Maturity Risk. In certain situations, the Fund may purchase a bond of a given maturity as an alternative to another bond of a different maturity. Ordinarily, under these circumstances, the Fund will make an adjustment to account for the interest rate risk differential in the two bonds. This adjustment, however, makes an assumption about how the interest rates at different maturities will move. To the extent that the yield movements deviate from this assumption, there is a yield-curve or maturity risk. Another situation where yield-curve risk

should be considered is in the analysis of bond swap transactions where the potential incremental returns are dependent entirely on the parallel shift assumption for the yield curve.

Inflation Risk. Inflation risk results from the variation in the value of cash flows from a security due to inflation, as measured in terms of purchasing power. For example, if the Fund purchases a 5-year bond in which it can realize a coupon rate of 5%, but the rate of inflation is 6%, then the purchasing power of the cash flow has declined. For all but inflation linked bonds, adjustable bonds or floating rate bonds, the Fund is exposed to inflation risk because the interest rate the issuer promises to make is fixed for the life of the security. To the extent that interest rates reflect the expected inflation rate, floating rate bonds have a lower level of inflation risk.

Risk of Default or Bankruptcy of Third Parties. The Fund may engage in transactions in securities and financial instruments that involve counterparties. Under certain conditions, the Fund could suffer losses if a counterparty to a transaction were to default or if the market for certain securities and/or financial instruments were to become illiquid. In addition, the Fund could suffer losses if there were a default or bankruptcy by certain other third parties, including brokerage firms and banks with which the Fund does business, or to which securities have been entrusted for custodial purposes. For example, if the Fund's prime broker and custodian were to become insolvent or file for bankruptcy, the Fund could suffer significant losses with respect to any securities held by such firm.

Active or Frequent Trading. From time to time, the Master Fund may engage in active and frequent trading to achieve its investment strategies. This may result in the realization of more capital gains (both short-term and long-term) compared to a fund with less active trading policies, which will increase the Shareholders' tax liability. Frequent trading also increases transaction costs, which could detract from the Master Fund's performance.

8 (c) **General Investment and Trading Risks.** All securities investments present a risk of loss of capital. The Investment Manager believes that the Master Fund's investment program and the Investment Manager's research techniques will moderate this risk through a careful selection of securities and other financial instruments. The Master Fund's investment program may utilize such investment techniques as options transactions, margin transactions and short sales, and may offer limited diversification, which can, in certain circumstances, substantially increase the adverse impact to which the Master Fund may be subject. No assurance can be given that Shareholders will realize a profit on their investment in the Fund. Moreover, a Shareholder may lose some or all of his investment. Because of the inherently speculative nature of the Master Fund's intended investment activities, the results of the Master Fund's operations may be expected to fluctuate from month to month. Accordingly, Shareholders should understand that the results of a particular period will not necessarily be indicative of results that may be expected in future periods.

DISCIPLINARY INFORMATION

Item #9

Forest Investment Management, LLC has had no disciplinary events.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Item #10

NOT APPLICABLE

**CODE OF ETHICS, PARTICIPATION OR INTEREST IN *CLIENT*
TRANSACTIONS AND PERSONAL TRADING**

Item #11

11 (a) The Forest Investment Management Code of Ethics is available for review by any *qualified* prospective investor, and any current investor. The interest of our clients and the investors in the fund that we advise must come first. In order to maintain that priority, all personal securities transactions must be conducted in a manner that is consistent with the stated process in the Code of Ethics. We are vigilant in maintaining the integrity of our business by promoting ethical conduct, creating a culture of compliance, and avoiding any actual or potential conflicts of interest or any abuse of our position of trust and responsibility. We are mindful that information concerning the identity of security holdings and the financial circumstances of investors is confidential. Forest complies with applicable securities laws and regulations including the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisors Act of 1940 and all other applicable Federal securities laws. No access of supervised person at Forest Investment Management LLC shall purchase or sell, directly or indirectly, any security in which he or she has, or by reason of such transaction acquires, any direct or indirect beneficial ownership, without the prior approval of the Chief Compliance Officer.

BROKERAGE PRACTICES

Items #12

12 (a) Forest Investment Management always seeks to obtain the best execution available for its clients. In selecting brokers, Forest considers the full range and quality of a broker's services, including execution capability, commission rates and volume discounts, financial responsibility, and responsiveness. In addition, Forest has access to several electronic communication networks (ECNs). In light of all relevant factors, Forest will elect the market mechanism which offers the best qualitative execution for client transactions.

12 (a) (1) Research Benefits. In order to be considered “research” a service should provide “lawful and appropriate assistance to the money manager in the performance of its investment decision-making responsibilities”. Section 28(e) of the Securities Exchange Act of 1934 provides a “safe harbor” which, in certain circumstances, permits a fiduciary (such as Forest) to pay more than the lowest available commission to receive research services in addition to brokerage services relating to client accounts. Forest Investment Management limits all soft dollar arrangements on Portfolio trades in equity securities to those falling under the safe harbor provision of Section 28(e) of the Securities Exchange Act of 1934, as amended. The commission paid must be reasonable in relation to the value of the brokerage and research received from the broker. The research services must be provided by the broker directly, or indirectly through the broker contracting with a third party provider. The fiduciary is not obligated to pay a third party provider. The fiduciary makes appropriate disclosures of its related policies.

12 (a) 1 (a) Paying brokerage commissions to obtain research developed and created by a broker-dealer, and research created or developed by a third party is beneficial to Forest (and therefore the client) as Forest does not have to develop and create, or employ others to develop and create said research.

12 (a) 1 (b) From time to time, a broker-dealer may be selected for use in trading a specific security based on the research provided regarding that security.

12 (a) 1 (c) On occasion, Forest will use soft dollar benefits acquired from a broker-dealer whose markup is higher than that charged by other broker dealers.

12 (a) 1 (d) Soft dollar benefits are used for all accounts and are divided equally amongst the investors as part of expenses to the Fund.

12 (a) 1 (e) In the last fiscal year soft dollar services have included fundamental research, valuation tools, and other individual company and market research services. All services have aided in the investment decision-making or trade execution process and are in compliance with Section 28(e) of the Securities Exchange Act of 1934.

12 (a) 1 (f) Forest utilizes a single broker-dealer, when required, to generate qualified, necessary soft dollars for research information.

12 (2) Brokerage for Client Referrals. Forest does not receive client referrals from broker-dealers.

12 (3) Directed Brokerage. Forest does not have any directed brokerage arrangements with any client, investor or broker-dealer.

12 (b) It is the policy of Forest Investment Management, LLC to aggregate trades whenever possible. In an ongoing effort to better serve our clients, Forest will seek to aggregate contemporaneous client purchase and sale orders into blocks for execution. The goal of this policy is to achieve a more efficient execution, lower per share brokerage costs and, in the aggregate, better and fairer prices.

REVIEW OF ACCOUNTS

Item #13

13(a) Forest conducts a monthly review of all investor accounts. The review is conducted by the Forest Fund Accountant, in coordination with the Fund's outside administrator.

13(b) A review is triggered each month when the investor accounts are reconciled.

13 (c) Each month each investor receives a written detailed NAV report for the prior month from the outside Fund Administrator.

CLIENT REFERRALS AND OTHER COMPENSATION

Item #14

Not Applicable

CUSTODY

Item #15

Forest Investment Management does not have custody of assets.

INVESTMENT DISCRETION

Item #16

Only in the case of a separately managed account is the Client able to request/negotiate certain restrictions. Most commonly, these restrictions would pertain to risk limits, concentration levels and the liquidity parameters of certain securities. Each discretionary account's trading guidelines are negotiated on a case-by-case basis.

VOTING CLIENT SECURITIES

Item #17

17 (a) Forest has adopted procedures in response to the amended SEC Proxy Voting procedure rule and rule amendments under the Investment Advisers Act of 1940 addressing an investment adviser's fiduciary obligation to clients when the adviser has authority to vote their proxies. The updated rule and amendments are designed to ensure that advisers vote proxies in the best interest of their clients and provide clients with information about how their proxies are voted.

Where the Fund has the right to vote proxies relating to, or to tender in a public offer, shares owned by them, it is Forest's policy to vote such proxies (provided Forest has been granted proxy voting authority) and tender such shares in a manner that is consistent with the Fund's investment strategy and in the best interests of the client. Forest will make copies of these proxy voting policies and procedures available upon request to clients and to investors in the Fund (see Advisers Act Rule 206 (4)-6.)

17 (b) Not applicable

FINANCIAL INFORMATION

Item #18

Forest Investment Management, LLC does not require or solicit prepayment from any client.

REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Item #19

19 (a) Principal Owner

Michael Anthony Boyd, Jr., is the Principal Owner, an individual acting as Chief Executive Officer and Chairman of Forest since October of 1992 (inception). Mr. Boyd is an Ownership Code "D" Control Person registered with FINRA (CRD #27695). Mr. Boyd has 43 years of experience in the Investment Industry. Mr. Boyd graduated from Iona College with a BBA in Accounting and received his MBA in Finance and Accounting from The City University of New York.

Principals of the Firm

John J. McDonald has been the President and Chief Operating Officer of Forest since July of 2008. Registered with FINRA (1969606), Mr. McDonald was a Portfolio Manager and the Director of Research prior to becoming the President and has been with Forest for thirteen (13) years. He has been in the Investment Industry for twenty two (22) years. Mr. McDonald graduated from the University of Connecticut with a BS in Business Administration. Mr. McDonald is a CFA Charter holder.

Scott M. Watson has been the Chief Investment Officer at Forest since August of 2006, is registered with FINRA (1981190) and has been with the firm as a portfolio manager for twelve (12) years. Mr. Watson has been in the Investment Industry for twenty two (22) years. Mr. Watson graduated from Purdue University with a BS in Economics.

19 (b) Not applicable

19 (c) No individual person is compensated for Performance-Based Fees. Please refer to Item 5 of Part 2A for a description of fees paid to the Investment Advisory Firm.

19 (d) Not applicable

19 (e) Not applicable

Forest Investment Management, LLC
53 Forest Avenue
Old Greenwich, CT 06870
March 25, 2011
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